



STATE BOARD OF EQUALIZATION

ASSESSMENT STANDARDS DIVISION

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September 6, 1994

Attention:

Dear

This is in response to your letter of August 20, 1993, to Mr. Glenn Rimbey, regarding the two-year time limits of Proposition 60. I apologize for the delay in responding; other matters requiring our attention have resulted in an unfortunate backlog of correspondence.

According to the information provided, A and B purchased 50 percent of a lot on December 30, 1987. A and B purchased the other 50 percent on October 13, 1989. A residence was constructed and completed on February 15, 1991. The original property sold on January 26, 1990. A and B contend that their two-year time limit under Proposition 60 began on October 13, 1989 when they acquired 100 percent ownership of the property. The assessor contends that the two year limit began on December 30, 1987, when A and B purchased the first 50 percent interest in the lot. You asked our opinion on which event triggered the two-year period.

Since the voters passed Proposition 60, we have received several letters asking similar questions.. Initially, we discussed this situation with our legal staff and they concurred in the opinion that the transfer does not qualify for Section 69.5 treatment.

Subdivision (a) of Section 69.5 of the Revenue and Taxation Code (all statutory references are to the Revenue and Taxation Code unless otherwise indicated) provides for the transfer of the base-year value of an original property to a "replacement dwelling" that is purchased within two years of the sale of the original property. Subdivision (g)(3) of that section defines replacement dwelling as including both the land and any structure. We take this to mean that the replacement dwelling must be purchased in its entirety, within two years of the sale of the original property.

September 6, 1994

In your situation, since A and B owned a one-half interest in the property since 1987, the transfer would not qualify for treatment under Section 69.5.

The views expressed in this letter are, of course, advisory only. They are not binding upon the assessor of any county. If you have any further questions, please contact our Real Property Technical Services Section at (916) 445-4982.

Sincerely,

Charles G. Knudsen
Principal Property Appraiser
Assessment Standards Division

CGK:kmc

cc: Honorable Bruce M. Dear
Placer County Assessor

bc: Mr. Richard Ochsner
(Prepared by Glenna Schultz)